

Service Office's leadership in forging model partnerships throughout West Virginia and across the nation.

Again, Mr. President, I want to express my sincerest congratulations to the West Virginia Coalition Against Domestic Violence Central Service Office for the work it has done and for all that it will continue to do in the future. Also, I would like to express my appreciation for all the WVCADV staff and volunteers. Such commitment and dedication that always inspires me in the work that I do on behalf of West Virginia children and families. I look forward to our future endeavors together as we continue to make great strides in creating "peacemaking partnerships" throughout West Virginia and across the country.●

THE AUTO CHOICE REFORM ACT

● Mr. ALLARD. Mr. President, I rise to make a few remarks concerning the Auto Choice Reform Act. I am a cosponsor of this legislation.

The Auto Choice Act proposes the development of a "no fault compensation system" to provide an option to drivers who do not want to pay for services they do not want and will not use. This legislation would allow for the recovery of economic losses, but not for the recovery of non-economic damages like pain and suffering. Those who choose to stay insured under the tort system would retain the right to sue and be sued for economic and non-economic losses, while those who choose the "no fault" system would be able to sue or be sued for economic damages only. And that is what the Auto Choice Act is really about, Mr. President. Choice for the driving public.

All drivers are currently insured through a system that requires them to pay for insurance on the assumption that if they are involved in an accident then they will sue or be sued for more than economic damages. The majority of drivers are never involved in a suit for pain and suffering, yet they pay for this coverage every single month.

Between 1987 and 1994 the cost of automobile insurance increased by 44%. This extraordinary increase was due in large part to excessive claims made by accident victims for pain and suffering, that is, for compensation beyond the costs of automobile damages and medical bills. For every \$1 in actual economic loss generated by this system, \$3 are paid out for non-economic damages. Rampant abuse of the insurance industry attempts to turn people's misfortune into a sweepstakes.

This sweepstakes is particularly beneficial for attorneys who collect 40 cents of every dollar paid for bodily injury. Twenty-eight cents from every premium dollar goes to attorneys. According to the Joint Economic Committee, lawyers earn between \$15 and \$17 billion a year under the current tort system and lawyers on both sides of a dispute make almost two times the amount of money that injured parties

receive for actual economic loss. This is abuse of a system that exists to protect people from the genuine financial costs of misfortune and tragedy.

The Federal Bureau of Investigation estimates that such excessive legal and medical claims, combined with outright fraudulent claims, have added \$200 in unnecessary premiums for every household in America. That's a \$200 increase for every family—regardless of what type of coverage that family may want. That's \$200 that will not be spent on groceries, clothing for children, or tucked away into savings for education.

This system becomes more inequitable when the burden on low-income and urban drivers is considered. These drivers pay a disproportionate amount of their income for auto insurance. In my home state of Colorado we have the 14th highest insurance rates in the nation. The effects of the high cost of driving in Colorado are particularly noticeable along the more densely populated front range. Last week Denver Mayor Wellington Webb testified before the Senate Commerce Committee concerning the effects of high premium costs on a large urban population. Mayor Webb testified that not only do the urban poor pay a premium disproportionate to their income, but high premium costs can also deter drivers from purchasing insurance at all. Dr. Robert Lee Maril testified to the disproportionate cost of insurance stating that nationally households spend 2% of their annual income on automobile insurance. The upper 50% of people living below the poverty line, however, spend a staggering 14% of their income on automobile insurance.

Mayor Webb also testified that this is not just an issue for the poor. Middle-income families spend on average 150% more on auto insurance than they do on education, and in the City of Denver alone residents would see their premiums reduced by as much as 40%.

In July the Joint Economic Committee released a report that demonstrates the benefits of Auto Choice for businesses. In addition to the relief this bill provides for individual drivers, the JEC reports that nearly 40% of all tort cases against businesses are auto-related. The incentives that drive the tort system increase the cost of doing business. In 1994 businesses spent \$21 billion on auto liability insurance. Just as families are forced to spend money on high premiums that could be better spent on food or education, businesses are forced to dedicate resources to liability insurance instead of payroll and capital investments. The JEC report concluded that the Auto Choice Act would result in an average 27% savings on commercial auto insurance, potentially saving American businesses \$41 billion over five years.

The Insurance Commissioner from my state of Colorado has endorsed this legislation, however, I realize that in spite of the expected benefits of this legislation, some states prefer their

current system. Therefore, this bill provides a choice for the individual states. Under this legislation, state legislatures are able to opt-out of Auto Choice for any reason. Furthermore, the bill clearly states that it will not preclude a State or State Official from fully exercising their regulatory authority concerning policy rates, consumer protection or carrying out the requirements of this act. The Auto Choice Reform Act will leave the ultimate regulation of auto insurance to the states.

The implementation of The Auto Choice Act would cause the average insurance policy to decrease by \$243 annually, saving drivers an estimated \$45 billion nationwide. By providing greater choice to the driving public, without cost to the government, the driving public would save \$246 billion over five years. That's an enormous savings for simply providing an option to the consumer. This is a bill about choice, it is a bill about savings, and it is a bill about equitable compensation for the American driver.

NIH EARMARKS

● Mr. COATS. Mr. President, I would like to speak today about a matter which concerns me greatly—the process by which funds are allocated at the National Institutes of Health (NIH).

The National Institutes of Health is one of the finest institutions of medical research in the World. A commitment to providing the best possible health care has driven the NIH's recruitment of preeminent physicians and medical researchers across the breadth of the medical disciplines.

Having created such an impressive resource, it is disheartening that Congress, through legislative earmarks and other mandates, often undertakes to second-guess the considered opinions of these experts.

The practice of earmarking disease-specific funds results mainly from lobbying pressure directed to Senators or our staffs. As a result of this pressure, Senator's introduce language which sets aside sums of money—often very large sums of money—to be used exclusively for one specific disease.

In September of last year, the Senate overwhelmingly approved the Department of Health and Human Services Appropriations Bill, which contained a provision for an in-depth study to examine the priority setting process at NIH. The amendment which incorporated this study was originally sponsored by myself and Senator Frist, and directed the Institute of Medicine (IOM) to conduct this study with utmost priority.

The intent of this research was to understand how priorities regarding specific research programs are determined, how levels of funding for these research programs are established, and how new organizational entities within the NIH are created.